

THE INVESTMENT MARKET

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If the bond be bought for £101, its price is at a premium of 1 per cent; the purchaser exchanges £101 for the right to receive £100 only when the bond is redeemed¹ or paid off. So for the share: if he purchase it at something in excess of the amount which is actually paid up upon it, the transaction has been completed at a premium.

The security or share may stand at a discount.

If the price of the bond for £100 be £95 it is said to stand at a *discount*² of 5 per cent, that is, 5 per cent below its expressed and redeemable amount. For the payment of £95 the buyer secures the right to £100 on redemption.

The silly expression "gilt-edged" is derived from the practice of gilding the leaves or edges of paper and books and thus rendering them attractive and not readily retaining dust: hence applied to securities of the soundest description, such as Government Stocks and the Debenture Stocks of the leading railways.

The word *Boom*³ has been imported from the United States, and indicates a state of numerous transactions with an appreciably augmented price.

Of the opposite character is the term *Slump** which signifies a sudden, heavy fall in prices either of one stock or many stocks, or the whole of them.

The *middle price* of a security is the value midway between the quotation: if the quotation be 67 to 69, the middle price is 68.

Prices, *harden* when they tend to advance upward; they are *easier* when a somewhat lower quotation can be obtained than existed before.

A *margin*⁵ is the excess of the value of a security, accepted

¹ Redeemed: Latin *re*, back, and *emere*-, to buy; the company, corporation or government buys back the debt it owes by paying it off.

² Old French *des* (equal to the Latin *dis*), apart, away, and *row pier*; to count, reckon: to count away from, to make a deduction.

³ Boom means to *buzz*, from the Middle English *bmmtun*, to hum, and aptly applies to the excited noises in the House which accompany a prospering market.

⁴ Slump: perhaps confusedly connected with "slip"

(in the Anglo-Saxon form), to sink or fall suddenly into water or mud : the word is onomatopoeic in its origin, or an imitation of the physical sound.

* Margin, from the Latin *margo*, a brink or border : like the path by the side of a stream, which separates the stream from the walker.